



915 4th St. N.W.
Choteau, Montana 59422
(406) 466-5763
www.tetonmedicalcenter.net

SENATE JUDICIARY
Exhibit No. 3
Date 3-21-07
Bill No. HB 695

To: Senate Judiciary Committee

From: H. Ray Gibbons, FACHE *RD*
Administrator, CEO

Date: March 21, 2007

RE: House Bill NO. 695

I am a proponent of HB 695 because it will help stabilize or reduce medical malpractice insurance premiums in Montana.

In recent years, we've experience severe increases in med mal premiums. For example, medical malpractice premiums for Teton Medical Center from 2001 to 2007 have changed dramatically between 2001 and 2007.

- ◆ 2001 – total annual premium \$ 25,837
- ◆ 2006 – total annual premium \$ 68,960
- ◆ 2007 – total annual premium \$ 78,886

The cost of medical liability insurance is a major cost driver in a small facility like Teton Medical Center. The medical malpractice insurance costs in Montana have seen significant increases e.g. the 2007 premium was an approximate 14% increase over 2006.

Medical malpractice insurance rates are increasing at faster rate than annual revenues for many rural / frontier facilities.

These cost increases are becoming a significant factor in retention and recruiting of physicians and physician assistants in Montana.

There also are few insurers that will cover small hospitals like ours. Teton Medical Center was fortunate to find UMIA as an insurance carrier that was willing to insure a small combined hospital and nursing home. Several years ago, facilities were faced with the prospect of going bare because insurers wouldn't provide coverage.

HB 695 would help create a more favorable medical liability climate in Montana. It is important to the small facilities because any chance to stabilize expenses is critical to our future.